



Investment Office

P.O. Box 2749

Sacramento, CA 95812-2749

Telecommunications Device for the Deaf - (916) 795-3240

(916) 795-3400

February 17, 2009

AGENDA ITEM 6

TO: MEMBERS OF THE INVESTMENT POLICY SUBCOMMITTEE

- I. SUBJECT:** Policy Review and Consolidation Project Update
- II. PROGRAM:** Total Fund
- III. RECOMMENDATION:** Information
- IV. ANALYSIS:**

The purpose of this item is to update the Subcommittee on the Investment Office's Policy Review Project. The key objectives of the Policy Review Project are to (1) to organize and streamline Investment Office policy to improve access, clarity and transparency, (2) to provide a consistent investment policy framework, and (3) to ensure that the policies will facilitate the on-going compliance program.

On June 18, 2007, staff provided the Investment Committee with a briefing on the project. At that time, staff presented the revised policy template, which was designed to provide consistency across policies. In addition, staff presented the new Table of Contents (Attachment 1), which was designed to reflect a top-down and cross-asset class organizational approach. Finally, to facilitate the top-down approach, the Committee approved a new overarching Statement of Investment Policy for the Total Fund.

As part of the Policy Review Project, staff conducted a detailed review of each policy with the goal of updating, streamlining, and, when practicable, consolidating the policies. In addition to these goals, the review and revisions included the following:

- Removal of delegations from policy. During the Delegations Project, staff reviewed all policies, minutes, and delegations to identify and consolidate delegations. Asset class delegations are now centrally located and can be found in individual asset class delegation documents.

- Removal of operational and procedural language, which is now located in staff internal procedure manuals and maintained by their respective asset classes.
- Conformance to the new template (Attachment 2).

The review is a joint effort and includes input from the General Pension Consultant, the private equity and real estate consultants as appropriate, the CalPERS Legal Office, and the Office of Enterprise Compliance.

Status of the Policy Review Project

With the review of the Real Estate and Operations policies, the Policy Review and Consolidation Project is scheduled to be complete by June 2009.

Staff plans to present a follow-up item at the April 2009 Policy Subcommittee meeting with recommendations for future courses of action related to policy review and updates.

V. STRATEGIC PLAN:

This item supports Goal VIII: Manage the risk and volatility of assets and liability to ensure sufficient funds are available, first to pay benefits, and second, to minimize and stabilize contributions and Goal IX: Achieve long term, sustainable, risk-adjusted returns.

VI. RESULTS/COSTS:

Upon completion of this project, the CalPERS Investment Program will have a streamlined policy and delegations framework that will allow staff to operate within a transparent and clearly stated body of policies and delegations that set forth a clearly defined chain of authority and responsibility.

Kami Niebank
Division Chief
Policy and Business Support

Kenneth W. Marzion
Interim Chief Operating Investment Officer